

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## ASSEMBLY BILL

**No. 2630**

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**Introduced by Assembly Member Hueso**

February 24, 2012

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~~An act to amend Section 50083 of the Government Code, relating to local government. An act to amend Section 7084 of the Government Code, relating to economic development.~~

### LEGISLATIVE COUNSEL'S DIGEST

AB 2630, as amended, Hueso. ~~Local government: officers and employees. Enterprise Zone Act: contract preferences.~~

*The Enterprise Zone Act provides for the designation and oversight by the Department of Housing and Community Development of various types of economic development areas throughout the state, including, but not limited to, targeted employment areas and enterprise zones. The act requires the state to award specified percentages as preferences when soliciting bids for certain contracts, including, but not limited to, contracts that include certification under penalty of perjury that the bidder agrees to hire persons who live within a targeted employment area or who are enterprise zone eligible employees, as defined. The act provides that the maximum preference a bidder may be awarded under the act is 15%.*

*This bill would increase the specified percentages of the preference for bidders agreeing to hire persons who are living within a targeted employment area or who are enterprise zone eligible employees, as defined. The bill would also make a technical, nonsubstantive change.*

~~Existing law sets forth provisions that apply to a local agency or district and its officers and employees.~~

~~This bill would make a technical, nonsubstantive change to one of these provisions:~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 7084 of the Government Code is amended*  
2     *to read:*

3     7084. (a) Whenever the state prepares a solicitation for a  
4     contract for goods in excess of one hundred thousand dollars  
5     (\$100,000), except a contract in which the worksite is fixed by the  
6     provisions of the contract, the state shall award a 5-percent  
7     preference to California-based companies that demonstrate and  
8     certify under penalty of perjury that of the total labor hours required  
9     to manufacture the goods and perform the contract, at least 50  
10    percent of the hours shall be accomplished at an identified worksite  
11    or worksites located in an enterprise zone.

12    (b) In evaluating proposals for contracts for services in excess  
13    of one hundred thousand dollars (\$100,000), except a contract in  
14    which the worksite is fixed by the provisions of the contract, the  
15    state shall award a 5-percent preference on the price submitted by  
16    California-based companies that demonstrate and certify under  
17    penalty of perjury that not less than 90 percent of the labor hours  
18    required to perform the contract shall be accomplished at an  
19    identified worksite or worksites located in an enterprise zone.

20    (c) Where a bidder complies with subdivision (a) or (b), the  
21    state shall award a ~~1-percent~~ *2-percent* preference for bidders who  
22    certify under penalty of perjury to hire persons living within a  
23    targeted employment area or are enterprise zone eligible employees  
24    equal to 5 to 9 percent of its workforce during the period of contract  
25    performance; a ~~2-percent~~ *3-percent* preference for bidders who  
26    shall agree to hire persons living within a targeted employment  
27    area or are enterprise zone eligible employees equal to 10 to 14  
28    percent of its workforce during the period of contract performance;  
29    a ~~3-percent~~ *4-percent* preference for bidders who shall agree to  
30    hire persons living within a targeted employment area or are  
31    enterprise zone eligible employees equal to 15 to 19 percent of its  
32    workforce during the period of contract performance; and a  
33    ~~4-percent~~ *5-percent* preference for bidders who shall agree to hire

1 persons living within a targeted employment area or are enterprise  
2 zone eligible employees equal to 20 or more percent of its  
3 workforce during the period of contract performance.

4 (d) The maximum preference a bidder may be awarded pursuant  
5 to this chapter and any other provision of law shall be 15 percent.  
6 However, in no case shall the maximum preference cost under this  
7 section exceed fifty thousand dollars (\$50,000) for any bid, nor  
8 shall the combined cost of preferences granted pursuant to this  
9 section and any other provision of law exceed one hundred  
10 thousand dollars (\$100,000). In those cases where the 15-percent  
11 cumulated preference cost would exceed the one hundred thousand  
12 dollar (\$100,000) maximum preference cost limit, the one hundred  
13 thousand dollar (\$100,000) maximum preference cost limit shall  
14 apply.

15 (e) Notwithstanding any other provision of this section, small  
16 business bidders qualified in accordance with Section 14838 shall  
17 have precedence over nonsmall business bidders in that the  
18 application of any bidder preference for which nonsmall business  
19 bidders may be eligible, including the preference contained in this  
20 section, shall not result in the denial of the award to a small  
21 business bidder. This subdivision shall apply to those cases where  
22 the small business bidder is the lowest responsible bidder, as well  
23 as to those cases where the small business bidder is eligible for  
24 award as the result of application of the 5-percent small business  
25 bidder incentive.

26 (f) All state contracts issued to bidders who are awarded  
27 preferences under this section shall contain conditions to ensure  
28 that the contractor performs the contract at the location specified  
29 and meets any commitment to employ persons with high risk of  
30 unemployment.

31 (g) (1) A business that requests and is given the preference  
32 provided for in subdivision (a) or (b) by reason of having furnished  
33 a false certification, and that by reason of this certification has  
34 been awarded a contract to which it would not otherwise have been  
35 entitled, shall be subject to all of the following:

36 (A) Pay to the state any difference between the contract amount  
37 and what the state's cost would have been if the contract had been  
38 properly awarded.

1 (B) In addition to the amount specified in subparagraph (A), be  
2 assessed a penalty in an amount of not more than 10 percent of  
3 the amount of the contract involved.

4 (C) Be ineligible to directly or indirectly transact any business  
5 with the state for a period of not less than six months and not more  
6 than 36 months.

7 (2) Prior to the imposition of any sanction under this subdivision,  
8 the business shall be entitled to a public hearing and to five days'  
9 notice of the time and place thereof. The notice shall state the  
10 reasons for the hearing.

11 (h) In each instance in this section an enterprise zone shall also  
12 mean any enterprise zone or program area previously authorized  
13 under any other provision of state law.

14 (i) As used in this section, "enterprise zone eligible employees"  
15 means employees who meet any of the requirements of clause (iv)  
16 of subparagraph (A) of paragraph (4) of subdivision (b) of Section  
17 17053.74, or clause (iv) of subparagraph (A) of paragraph (4) of  
18 subdivision (b) of Section 23622.5, of the Revenue and Taxation  
19 Code.

20 ~~SECTION 1. Section 50083 of the Government Code is~~  
21 ~~amended to read:~~

22 ~~50083. No local agency or district shall require that its~~  
23 ~~employees be residents of that local agency or district.~~